



Title: Title I, Payroll/Personnel Manual

Chapter: 28, Section 2, Tax Formulas (TAXES)

Bulletin: TAXES 06-20, North Dakota State Income Tax Withholding

Date: June 5, 2006

To: Holders of TAXES (State of North Dakota only)
Personnel User Groups
T&A Contact Points in North Dakota

Beginning with wages paid for Pay Period 11, the National Finance Center (NFC) will make the following changes to the state of North Dakota income tax withholdings:

- The annual exemption amount will increase from \$3,200 to \$3,300.
- The Single or Head of Household and Married withholding tables will change.

No action on the part of the employee or the personnel office is necessary.

To view the updated tax formula, go to NFC's Home Page (www.nfc.usda.gov) and click **Pubs & Forms**. Then on the Pubs & Forms page left-hand menu, click **Tax Formulas** and select the appropriate state from the map provided. Changes to the tax formula are identified by "►◄".

For questions about NFC processing, contact the Payroll/Personnel Call Center at **504-255-4630**.

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North Dakota State Income Tax Information

State Abbreviation:	ND
State Tax Withholding State Code:	38
Acceptable Exemption Form:	None
Basis For Withholding:	Federal Exemptions
Acceptable Exemption Data:	None
TSP Deferred:	Yes
Special Coding:	None
Additional Information:	A state tax certificate is not required since Federal exemptions are used in the computation of the state formula.

Withholding Formula ►(Effective Pay Period 11, 2006)◄

1. Subtract the nontaxable biweekly Thrift Savings Plan contribution from the gross biweekly wages.
2. Subtract the nontaxable biweekly Federal Health Benefits Plan payment(s) (includes flexible spending account - health care and dependent care deductions) from the amount computed in step 1.
3. Add the taxable biweekly fringe benefits (taxable life insurance, etc.) to the amount computed in step 2 to obtain the adjusted gross biweekly wages.
4. Multiply the adjusted gross biweekly wages by 26 to obtain the annual wages.
5. Determine the exemption allowance by applying the following guideline and subtract this amount from the annual wages to compute taxable income:

$$\text{Exemption Allowance} = \text{►\$3,300◄} \times \text{Number of Exemptions}$$

6. Apply the taxable income computed in step 5 to the following table to determine the annual North Dakota income tax withholding:

Tax Withholding Table
Single
or
Head of Household

If the Amount of Taxable Income Is:		The Amount of North Dakota Tax Withholding Should Be:			Of Excess Over:
Over:	But Not Over:				
\$ 0	\$ ►3,500	\$ 0.00	plus	0.00%	\$ 0
3,500	32,500	0.00	plus	2.10%	3,500
32,500	68,500	609.00	plus	3.92%	32,500
68,500	156,500	2,020.20	plus	4.34%	68,500
156,500	338,000	5,839.40	plus	5.04%	156,500
338,000	and over	14,987.00	plus	5.54%	338,000◄

If the Amount of Taxable Income Is:		Married The Amount of North Dakota Tax Withholding Should Be:				Of Excess Over:
Over:	But Not Over:					
\$ 0	\$ 8,500	\$ 0.00	plus	0.00%		\$ 0
8,500	57,900	0.00	plus	2.10%		8,500
57,900	110,000	1,037.40	plus	3.92%		57,900
110,000	196,000	3,079.72	plus	4.34%		110,000
196,000	343,200	6,812.12	plus	5.04%		196,000
343,200	and over	14,231.00	plus	5.54%		343,200

7. Divide the annual North Dakota income tax withholding determined in step 6 by 26 and round to the nearest dollar to obtain the biweekly North Dakota income tax withholding.